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SUMMARY OF COMMENTS RECEIVED ON THE PROPOSED AMENDMENT TO THE POLICY FOR IMPLEMENTING THE STATE REVOLVING FUND (SRF) FOR CONSTRUCTION OF WASTEWATER TREATMENT FACILITIES

1. Ron Sullivan, Commission Chair, Santa Ana Watershed Project Authority

Comment(s):

Comment received in writing on May 29, 2007, the Santa Ana Watershed Project Authority supports in concept adoption of options 1, 2 and 3 that the Division staff recommended, but preferred option 3. The agency supports the proposed phase approach recommended by Division staff: administrative actions; withholding of portion of the loan amount and termination of loan agreement as a last resort.

Staff response:

Santa Ana Watershed Project Authority comments and suggestions are consistent with Division staff recommendations.

2. Mary Ann Mann, Utilities Manager, City of Escondido

Comment(s):

Comment received in writing on May 30, 2007, the City “concurred with the SRF staff recommendation, and consider that a combination of Options 1, 2 and are the best policy for any future loans.” In addition, the City requested reconsideration of penalties assessed against the City under the existing SRF Policy for not complying with the reporting requirements.

Staff response:

The City’s comments are consistent with Division staff recommendations.

3. Barbara Hawkins, City Engineer, City of Alameda

Comment(s):

Comment received in writing on May 29, 2007, the City concurs with Division Staff recommendations to implement a combination of options 1, 2 and 3. The City also requests a waiver of the assessed penalties against the City under the existing SRF Policy for not complying with the reporting requirements.

Staff response:

The City’s comments are consistent with Division staff recommendations.

4. Patricia E. Martel, General Manager, North San Mateo County Sanitation District
Comment(s):

Comment received in writing on May 30, 2007, the District supports the Division Staff recommendation of implementing a combination of options 1, 2 and 3.

The District concurs with withholding retention of a loan amount until the Report is submitted. However, the District recommends a two percent withholding instead of two and half percent proposed by the Division, and “allowing sixty (60) day of grace period following the 12 months period to avoid any unintended consequences of timing.”

Staff response:

The proposed withholding of two and one-half percent (2.5%) of the total loan balance is very reasonable and is consistent with the current SCWG Guidelines. This option is also similar to retention requirements in many construction contracts. It is also similar to the existing SRF Policy requirement that an applicant must submit and receive approval of a Final Revenue Program before it can receive more than 90 percent of its loan funds.

The existing SRF policy provides more time than suggested by the City. The current SRF policy allows ninety (90) day grace period following 12 months from completion construction for submittal of the required report.

5. Roberta Larson, Director, Legal and Regulatory Affairs, California Association of Sanitation Agencies

Comment(s):

Comment received by email on May 30, 2007 and in writing on May 30, 2007, the California Association of Sanitation Agencies (CASA) favors proposed administrative option (3) and opposes the adoption of option 1 on the grounds that it penalizes all agencies, not just the ones that fail to comply with the reporting requirements. CASA only recommends implementation of option 2 after all administrative efforts under option 3 have been exhausted.

“At discretion of the State Water Board staff, a compliance time schedule could then be established for submitting the documentation. Failure to comply with the time schedule should result in one of the following two monetary disincentives being implemented.

- For agencies with other on-going loans, the suspension of future disbursements (Option No. 2).
- For agencies having no other loans in process, steps could be taken to accelerate the repayment of the existing loans.”

Staff response:

The staff believes the retention of a portion of the loan balance, would be an effective tool to convince the applicants submit the required reports. The proposed withholding of two and one-half percent (2.5%) of the total loan balance is very reasonable and is consistent with the current SCWG Guidelines. This option is also similar to retention requirements in many construction contracts. It is also similar to the existing SRF Policy

requirement that an applicant must submit and receive approval of a Final Revenue Program before it can receive more than 90 percent of its loan funds.

6. John H. Gulledge, Department Head, Financial Planning Department, County Sanitation Districts of Los Angeles County

Comment(s):

Comment received by email on May 30, 2007 and in writing on May 30, 2007, the County Sanitation Districts of Los Angeles County favors proposed administrative option (3) and opposes the adoption of option 1 on the grounds that penalizes all agencies, not just the ones that fail to comply with the reporting requirements. Also, recommends implementation of option 2 after all administrative efforts under the option 3 have been exhausted.

“At discretion of the SWRCB staff, a compliance time schedule could then be established for submitting the documentation. Failure to comply with the time schedule should result in one of the following two monetary disincentives being implemented.

- For agencies with other on-going loans, the suspension of future disbursements (Option No. 2).
- For agencies having no other loans in process, steps could be taken to accelerate the repayment of the existing loans.”

Staff response:

The staff believes the retention of a portion of the loan balance, would be an effective tool to convince the applicants submit the required reports. The proposed withholding of two and one-half percent (2.5%) of the total loan balance is very reasonable and is consistent with the current SCWG Guidelines. This option is also similar to retention requirements in many construction contracts. It is also similar to the existing SRF Policy requirement that an applicant must submit and receive approval of a Final Revenue Program before it can receive more than 90 percent of its loan funds.

7. Gary A. Reents, Director of Utilities, City of Sacramento

Comment(s):

Comment received by email on May 30, 2007 and in writing on May 30, 2007, the City of Sacramento favors adoption of options 2 and 3, recommends implementation of option 2 with some clarification, and after all administrative efforts under option 3 have been exhausted. The City opposes the adoption of option 1 on the grounds that it can cause a significant funding problem for the loan recipient, and is not consistent with the purpose of the SRF loan program.

Staff response:

Division staff believes the language of the proposed changes regarding option 2 is clear. Option 2 will be implemented only if the applicant was delinquent in submitting one of the reports after 15 months from the completion of construction.

Furthermore, Division staff believes the retention of a portion of the loan balance, would be an effective tool to convince the applicants submit the required reports. The proposed withholding of two and one-half percent (2.5%) of the total loan balance is very reasonable and is consistent with the current SCWG Guidelines. This option is also similar to retention requirements in many construction contracts. It is also similar to the existing SRF Policy requirement that an applicant must submit and receive approval of a Final Revenue Program before it can receive more than 90 percent of its loan funds.

8. Ronald J. Matheson, District Manager, Vallejo Sanitation & Flood Control District

Comment(s):

Comment received writing on May 30, 2007, the Vallejo Sanitation & Flood Control District supports the SRF policy amendment provided that it will have “no impact on the outstanding SRF loans...” The City also requests a waiver of the assessed penalties against the City under the existing SRF Policy.

Staff response:

The District's comments are consistent with Division staff recommendations.